II) REMARKS

A) The Examiner's Rejections

1. The Examiner has rejected claims 30-76 under 35 USC 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which the applicant regards as the invention.

In particular the Examiner has indicated that "[i]t is not clear which of the user's "reward point accounts" (from line 5) is being referred to by "the reward point account" in line 11 of claim 30. Applicant has amended claim 30 to clarify that

> each of the reward points issuing entities enables the user to selectively redeem points from the reward point account associated with that reward point issuing entity and the user for an item selected by the user

That is, for each of the reward point accounts that a user has established with a reward points issuing entity, that particular reward point issuing entity enables the user to redeem points from his or her reward point account (i.e. the one associated with that reward point issuing entity). For example, a user that establishes a reward point account with American Airlines ("the reward points issuing entity") is enabled by American Airlines to redeem points from his or her American Airlines reward point account ("the reward point account associated with that reward point issuing entity and the user").

The Examiner has also indicated that "[i]t is not clear which of the "reward points issuing entities" (from lines 13-14) is being referred to by "the reward points issuing entity" in line 16 of claim 30. Applicant has amended claim 30 to clarify that

> each of said reward points issuing entities tracking the user's earned reward points in the user's reward point account stored on the rewards server associated with that reward points issuing entity

In the case of the American Airlines example, American Airlines (the "reward points issuing entity") tracks the user's earned reward points in the user's reward account ("the user's reward point account") which is associated with American Airlines ("associated with that reward points issuing entity).

The Examiner also indicated that "[t] is not clear which of the user's "reward point accounts" (from lines 7 and 8) is being referred to by "the reward point account" in line 14 of claim 54. Applicant has amended claim 54 to clarify that the user may

> selectively redeem reward points from the reward point account stored on that reward server and associated with the user

In the case of the American Airlines example, American Airlines allows the user to redeem reward points from American Airlines (the reward point account stored on that reward server and associated with the user).

As is evident from claims 30 and 54, each reward points issuing entity allows a user to earn reward points into and redeem points out of the user's reward point account with that particular reward issuing entity. Thus, American Airlines allows a user to earn points into and redeem points out of his American Airlines account; similarly, Hilton Hotels allows a user to earn points into and redeem points out of his Hilton Hotels account, etc. Applicant maintains that the amendments made to the claims clearly recite this aspect of the claimed invention and that the instant rejection has been obviated.

The Examiner has also indicated that

> Claim 54 recites various functionality that is not expressly performed by an element of the system; therefore, it is not clear that the functionality in question merits patentable weight in claim 54. For example, it is not clear which specific system element performs the functionality in (iii)(1), (iii)(2), and the whereby clause recited in the last seven lines of the claim.

Applicant has amended claim 54 to clearly state that each of the reward servers comprises processing means adapted to perform the functionality in (a)(iii)(1) and

(a)(iii)(2). Applicant has likewise amended claim 54 to clearly state that the trading server comprises processing means adapted to perform the functionality in (b)(ii). Applicant maintains that the amendments made to claim 54 clearly recite this aspect of the claimed invention and that the instant rejection has been obviated.

The Examiner properly noticed that Claim 70 is a system claim but was inadvertently written to depend from method claim 48. Applicant has cancelled claim 70 herein (the subject matter of claim 70 was redundant with respect to claim 57).

2. The Examiner has rejected claims 30-32, 35-38, 41, 43-52, 54-56, 58-61, 64, 66-69, and 71-75 under 35 USC 103(a) as being unpatentable over the MyPoints Program, as disclosed in the following references:

> Information about the MyPoints Program retrieved on July 26, 2002 from http://web.archive.org/web/19980128231040/http://www.mypoints.com ("the MyPoints web site"), which was indicated to have been archived by web.archive.org on January 28, 1998.
>
> Obendorf, "Points for Loyalty", published December 1997.
>
> Riedman, "MyPoints Aims To Be Universal Web Currency", published August 18, 1997.

The Examiner has also rejected claims 33, 34, 57, and 70 under 35 USC 103(a) as being unpatentable over the MyPoints Program, as disclosed in the MyPoints web site, Obendorf, Riedman, in view of Biorge et al. (U.S. Patent No. 5,806,045).

The Examiner has also rejected claims 39, 40, 62, and 63 under 35 USC 103(a) as being unpatentable over the MyPoints Program, as disclosed in the MyPoints web site, Obendorf, Riedman, in view the following additional references:

> "World's First Smart Card Frequent Flyer Scheme Debuts", published September 19, 1997.
>
> "Major Airlines Continue Their Smart Card Fly-bys", published January 1998.

"Schlumberger:AOM's Smart Card Frequent Flyer Program Successfully Launched", published May 22 1998.

The Examiner has also rejected claims 42, 53, 65, and 76 under 35 USC 103(a) as being unpatentable over the MyPoints Program, as disclosed in the MyPoints web site, Obendorf, Riedman, and as applied respectively to claims 30 and 54 above, in view of Walker et al. (U.S. Patent No. 6,128,599).

The Examiner has also provisionally rejected claims 30-76 under the judicially created doctrine of obviousness-type double patenting as being unpatentable over claims 30-58 of copending Application No. 10/608,736, and has rejected claims 30-76 under obviousness-type double patenting as being unpatentable over claims 1-47 of U.S. Patent No. 6,594,640.

The Examiner has indicated that Claims 30-76 would be allowable if rewritten or amended to overcome the rejections under Double Patenting and 35 U.S.C. § 112, second paragraph, and amended to clarify that the user actively selects a subset of points from two or more individual reward accounts at the time of redemption. Per the Examiner, as they currently stand, claims 30-76 essentially read on a user having access to all of his/her reward accounts (e.g., accessing different web sites corresponding to different loyalty programs through the same terminal) and then selecting one account from which to redeem points. Further, the Examiner has stated that if amended accordingly, claims 30-76 would be deemed allowable for the following reasons.

> Similar to the claimed invention, the MyPoints™ Program is a reward points accumulation and redemption program. Also, the MyPoints™ Program allows a user to gather points from different reward points issuing entities. Then all gathered points are accumulated in a universal account from which points may be redeemed through a trading server. However, unlike the claimed invention, MyPoints™'s users do not have control over which of a subset of reward points are accumulated in the universal account; all MyPoints™'s reward points are accumulated in the universal account regardless of which reward points issuing entity issued the reward points. Biorge discloses an incentive program in which

incentive credits are redeemed for discounts for a given transaction (cal. 7, lines 14-29). The Schlumberger Payflex card is a smart card that stores user loyalty information for multiple retailers ("World's First Smart Card Frequent Flyer Scheme Debuts": ¶ 1). Loyalty points are accumulated on these smart cards; these points can be exchanged for free airline tickets, instant flight upgrades, car rentals, taxis, hotels, restaurants, entertainment, etc. ("World's First Smart Card Frequent Flyer Scheme Debuts": ¶ 2). Walker teaches the concept of "providing and managing a customized reward offer to an affinity group sponsor based on the aggregate performance of members of the group" (Abstract).

However, neither the MyPoints™ Program nor any of the other aforementioned references teaches or suggests the novel aspects of the claimed invention which allow a user to maintain a plurality of individual reward accounts and then selectively choose how many of a subset of reward points and from which two or more individual reward accounts are to be applied toward purchase of a selected product via a reward points trading system.

The Applicant thanks the Examiner for the suggestions made in order to overcome the instant rejections. However, Applicant respectfully traverses the instant rejections and will discuss each rejection and how the claimed invention is patentably distinct over the prior art as follows.

B) The Applicant's Invention is Patentable Over the Cited Prior Art

1. Rejection of the Claims Under 35 USC 112

The Applicant has addressed these rejections and discussed same in section III.A.1 above.

2. Rejection of Claims Under 35 USC 103

The Applicant respectfully disagrees with the Examiner's interpretation of the prior art with respect to the Applicant's claims. A brief review of the Applicant's invention, as set forth in the specification and claims as amended herein, will be

instructive. As indicated in the specification, the applicant's invention is a method and system that allows users to selectively aggregate reward points, such as those already earned in several different airline frequent flyer programs, into a single account for redeeming an item won in an auction. This would allow users to use their frequent flyer (or frequent car rental, frequent dining, etc.) loyalty points for products or services other than those typically offered by the point sponsor. Notably, this invention provides a novel and unobvious platform for enabling users to pool their earned points from disparate accounts into a single account on demand. The user can designate which points, and from which pre-existing reward accounts, should be pooled or traded to his or her "reward exchange account". As such, a user can combine points from several or many accounts, each of which may not provide enough purchasing power on its own. By way of example, a user of this system could request the transfer of the following amounts into his exchange account:

5,000 points from one airline account (leaving 2,410 points on balance)
2,071 points from another airline account (leaving 0 points on balance)
929 points from a hotel reward account (leaving 456 points on balance)

This would give the user a total of 8,000 points, which may be enough to redeem for an item won in an auction. By trading points into the single reward exchange account, the user is advantageously provided with the ability to use those otherwise unusable points in a way heretofore unavailable.

This system therefore provides a synergistic approach to obtaining real value from otherwise useless points, especially when the user does not have substantial amounts in any one account. This system allows the user to decide from which accounts to trade points into his reward exchange account (also referred to as "accumulation"), and the number of points to trade from each account selected. This system operates as a complement to existing frequent use/reward systems since the user can still utilize points that are left in his account to make purchases and trades directly with the issuer as in the past. Thus, in the example above, the user might be able to use part or all of the balance

of 2,410 points in the first airline account for a seat upgrade or the like. Of course, the user might get additional points for subsequent flights, thus earning more points in addition to the 2,410 points left in balance (which may be independently used with the airline as in the prior art, or which may be traded into his exchange account as in the present invention.)

Claim 30 thus provides for a method of operating an auction wherein accumulated reward points are redeemed for an item in the auction, which includes several steps. The first step is a user establishing a reward point account (e.g. the airline frequent flyer account, the car rental frequent use account, etc.) directly with each of one or more of the reward points issuing entities (the airline, the car rental agency, etc.). Each of the reward point accounts is stored on a reward server associated with the reward point issuing entity. Each of the reward point accounts tracks points earned by the user for transactions between the user and the associated reward points issuing entity (such as an airline awarding 1,000 points (or "miles") for the user taking a certain flight). Each of the reward points issuing entities enables the user to selectively redeem points from the reward point account associated with that reward point issuing entity and the user for an item selected by the user. For example, a user might decide to redeem 25,000 points from his reward point account in exchange for a flight from New York to California.

The next step is when the user actually earns reward points from each of the reward points issuing entities, and each of the reward points issuing entities tracks the user's earned reward points in the user's reward point account stored on the rewards server associated with that reward points issuing entity.

The next step in this invention as set forth in claim 30 is the user establishing a reward exchange account on a trading server, which is selectively interconnected over a network with each of the reward servers. For example, the trading server computer might be connected over a network such as the Internet to the reward server computers, which allows communications between the computers when requested by one of the computers, as well known in the art of network communications.

The user may then designate at least some of his earned reward points from one or more of his reward point accounts for trading into the reward exchange account. In such manner, the user maintains control over how many points will be traded into his reward exchange account and from which sources. Because this trading system works with independently operating frequent use/reward programs, it is important for the user to be able to maintain points in any given reward point account (if he chooses) for redemption directly with that issuer as in the prior art.

The next step of this invention is for the trading server to accumulate the user's designated earned reward points from each of the designated reward point accounts into the reward exchange account associated with the user. That is, the trading server obtains the points as selected by the user and puts them into the user's reward exchange account.

After the trading server has obtained the desired points, the user interacts with the trading server to redeem the accumulated points from the user's reward exchange account for an item won in an auction.

The result of this novel and unobvious invention is that portions of available reward points may be selected from any or all of the user's reward point accounts for accumulation into the user's reward exchange account on the trading server, and optionally leave other portions of available reward points remaining in the selected reward points accounts for subsequent redemption with the associated reward points issuing entity or for subsequent accumulation into the user's reward exchange account.

The MyPoints program clearly does not teach, suggest or in any way render obvious the applicant's invention as set forth in claim 30. The MyPoints program allows a user to maintain a single MyPoints account that is populated with points for carrying out one or more of several tasks on the Internet. Thus, according to the web site, many different companies will distribute Points to a user that were originally issued under the MyPoints program for interacting with them. The Points automatically collect in the

user's MyPoints account and can be spent for selected merchandise. The web site explains that:

> [a]ny Web site displaying the MyPoints Universal Rewards Currency (URC) gives you opportunities for you to earn points. By interacting with these sites, and completing whatever activity they request of you, Points earned in the MyPoints program are *automatically* added to your personal account.

(Italics original, underline added). Activities include taking surveys, participating in opinion polls, clicking on ad banners, and making certain purchases. For example, according to the MyPoints web site cited by the Examiner, a user can earn 10 Points for visiting the Alexa web site.

There are major and critical distinctions between the applicant's invention, as claimed herein, and the MyPoints program. The applicant's invention allows a user to selectively, i.e. on request at any time, have some or all of his reward points be traded from independently operated reward programs into his reward exchange account. The MyPoints program has no ability to do this, nor is it a desired feature of the system. MyPoints simply allows a user to earn Points into a single MyPoints account. No separate accounts are kept by the various entities that award points for performing the MyPoints activities. That is, a user cannot independently utilize separate accounts for reward earning and redemption, separate and apart from the MyPoints program, as in the present invention. A user cannot designate how many points and from which accounts (because there are no separate accounts) to trade points, as in the present application. According to the web site, the points are "held" overnight and automatically transferred to the MyPoints account for "security purposes". The user has no control over points transfers, they are merely held in suspense and swept into the MyPoints account (the only account of the user) automatically.

In the rejection of claim 30, the Examiner alleged how some of (but not all of) the claim elements are supposedly taught by the MyPoints reference, as shown in the chart below:

Claim 30 Elements:	Examiner position:
A method of operating an auction wherein accumulated reward points are redeemed for an item won in the auction comprising the steps of:	See (f) below
a) a user establishing a reward point account directly with each of a plurality of reward points issuing entities,	
wherein each of said reward point accounts is stored on a reward server associated with the reward point issuing entity, and wherein each of said reward point accounts tracks points earned by the user for transactions between the user and the associated reward points issuing entity, and	the Examiner submits that it would have been obvious to one of ordinary skill in the art at the time of Applicant's invention for the MyPoints™ participants (e.g., vendors, merchants, etc.) to store and track a user's earned reward points in a user reward point account on reward servers in order to provide a conveniently accessible means for maintaining important accounting and reconciliation information regarding the reward points.
wherein each of the reward points issuing entities enables the user to selectively redeem points from the reward point account associated with that reward point issuing entity and the user for an item selected by the user,	
b) the user earning reward points from each of the plurality of reward points issuing entities, each of said reward points issuing entities tracking the user's earned reward points in the user's reward point account stored on the rewards server associated with that ~~the~~ reward points issuing entity,	MyPointsTM Program web site: Page 1 — Points are collected from different sources, on and off the Internet, and combined into one universal account; Pages 7-8 — Each web site decides how many points to offer to a user. Points may be provided either on- or off-line and are processed overnight to be posted to the universal account on the following day in order to avoid fraudulent activity. This means that the points issued by the participant sites must be tracked at least long enough, e.g., in a user reward account, to transfer this earned reward points information to the user's universal account on the MyPoints™ server, i.e., the trading server; "Points for Loyalty": ¶ 6 — Issuing catalogers, i.e., reward points issuing entities, purchase points from MyPoints; therefore, they must maintain a balance of purchased points in order to account for how many reward points they possess to offer to users and to reconcile those already rewarded. This is especially important in order to reconcile points granted for off-line activities);
c) the user establishing a reward exchange account on a trading server, said trading server	

selectively interconnected over a network with each of the plurality of reward servers,	
d) the user designating at least some of said earned reward points from one or more of said user's reward point accounts for trading into the reward exchange account,	***However, unlike the claimed invention, MyPoints™'s users do not have control over which of a subset of reward points are accumulated in the universal account; all MyPoints™'s reward points are accumulated in the universal account regardless of which reward points issuing entity issued the reward points.***
e) the trading server accumulating the user's designated earned reward points from each of said designated reward point accounts into the reward exchange account associated with the user, and	(MyPoints™ Program web site: Page 1 — Points are collected from different sources, on and off the Internet, and combined into one universal account; Pages 7-8 — Each web site decides how many points to offer to a user. Points may be provided either on- or off-line and are processed overnight to be posted to the universal account on the following day in order to avoid fraudulent activity. This means that the points issued by the participant sites must be tracked at least long enough, e.g., in a user reward account, to transfer this earned reward points information to the user's universal account on the MyPoints™ server, i.e., the trading server; "Points for Loyalty": ¶ 6 — Issuing catalogers, i.e., reward points issuing entities, purchase points from MyPoints; therefore, they must maintain a balance of purchased points in order to account for how many reward points they possess to offer to users and to reconcile those already rewarded. This is especially important in order to reconcile points granted for off-line activities)
f) the user interacting with the trading server to redeem accumulated points from the user's reward exchange account for an item won in an auction;	(MyPoints™ Program web site: Page 8 — Points can be redeemed both on- and off-line for merchandise, travel, and services). . . .it is submitted that both auctions and purchasing products online are well-known forms of obtaining items that are to be paid for by a buyer. Furthermore, Official Notice is taken that it is old and well-known in the art that many auctions are conducted online, with payment being made online as well; therefore, the Examiner asserts that it would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to accumulate selected points from various individual reward accounts to be applied toward the purchase of any product selected online (be it from an auction or other product source) in order to encourage use of the MyPoints™ rewards program by expanding the user's redemption options.

whereby portions of available reward points may be selected from selected reward point accounts for accumulation into the user's reward exchange account on the trading server, and optionally leave other portions of available reward points remaining in said selected reward points accounts for subsequent redemption with the associated reward points issuing entity or for subsequent accumulation into the user's reward exchange account.	

The Examiner states that points are "collected" from different sources, and combined into one universal account. The Examiner assumes that "the points issued by the participant sites must be tracked at least long enough, e.g. in a user reward account, to transfer earned reward points information to the user's universal account on the MyPoints server." The Examiner relies on a statement in the "Points for Loyalty" reference that "issuing catalogers, i.e. reward points issuing entities, purchase points from MyPoints; therefore, they must maintain a balance of purchased points in order to account for how many reward points they possess to offer to users and to reconcile those already rewarded." The Applicant respectfully disagrees with this assessment of the MyPoints program as it may apply to the claimed invention. The claimed invention utilizes user reward point accounts stored at the rewards servers; i.e. each account is associated with a specific user and is accessible by only that user (e.g. John Smith has a user reward point account with United Airlines, and only John Smith can use that account). The "account" that the Examiner surmises is used by the MyPoints issuing entity (e.g. the Alexa web site) appears only to be a general account for all potential users from which points are drawn and sent automatically to a user's MyPoints account. Thus, the Alexa web site (the entity that distributes the MyPoints points) might have 10,000,000 MyPoints points at its disposal for subsequent distribution to users, but these points don't belong to any specific user. Thus, this is not an account that "tracks points earned by the user for transactions between the user and the associated reward points issuing entity", nor does the reward points issuing entity enable the user "to selectively redeem points from the

reward point account associated with that reward point issuing entity and the user for an item selected by the user", as set forth in claim 30.

Nor does the fact that the Alexa web site (the MyPoints distributor) holds the user's earned points in suspense overnight (for security purposes only) teach or suggest the user reward points account as claimed herein, wherein the user is able to selectively redeem, with the reward points issuing entity, points designated by the user from the reward point account associated with the user for an item selected by the user. The MyPoints provider only provides for automatic sweep of the points to the central MyPoints account. The user cannot redeem them independently of the MyPoints account, as presently claimed. The user cannot selectively designate some of the earned reward points from a reward point account for trading into the reward exchange account, as set forth in claim 30. The points "held" by the distributing entity are simply not the user's points until such time they are credited to the MyPoints account.

This is further evidenced by the newly submitted reference "MyPoints Help: Useful Information", which is found at http://web.archive.org/web/19990826151128/mypoints.com/mp/viewDynaCore.p_main?l_pageVC2=main.nonMemberHelp.default. This web page was purportedly published on the Internet in May 1999, prior to the Applicant's filing date. This reference explains how points are posted to the user's universal MyPoints account:

> **I earned some Points but when I checked my Account Balance they weren't there. Why not?**
> Most Point-earning opportunities are posted overnight. When you get Points for making a purchase, it can sometimes take a few weeks for us to receive a report from the merchant so we can post the Points to your account. That's because the item needs to be SHIPPED by the merchant prior to us posting the Points.

In the MyPoints system, there is only one points issuing entity – which is the MyPoints company. MyPoints points are distributed to the various entities such as Alexa, which then redistribute the MyPoints points simply as MyPoints points. There is

no pretense made that the points being provided to the user in the MyPoints system are points issued by anyone but MyPoints, and that could be separately utilized with that points distributor, as with the present invention. That is, there is no storing of reward point accounts on separate reward servers associated with the reward point issuing entities, since these entities are not issuers but are merely redistributing MyPoints points. Likewise, and quite importantly, even if these MyPoints redistributors were to be considered to be "issuers", there is no ability for these entities to enable the user to selectively redeem points from the reward point account associated with that entity and the user for an item selected by the user, as claimed in claim 30 (in fact, the Examiner has not addressed this limitation in the Office action). This is because the only action that takes place with the MyPoints points is the "transfer" of them into a user's MyPoints account after he has done the required task. The result of this is that in the presently claimed system, the user may elect to trade some of his reward points from one or more individual reward accounts into his reward exchange account, or he may choose not to, or he may choose to redeem those points directly with the points issuer (the rewarding entity) without using the points trading and exchange service. This is simply not taught or suggested by the MyPoints system. As the Examiner has admitted:

> However, unlike the claimed invention, MyPoints™'s users do not have control over which of a subset of reward points are accumulated in the universal account; all MyPoints™'s reward points are accumulated in the universal account regardless of which reward points issuing entity issued the reward points.

Although the prior art references cited by the Examiner use the term "issuers" to refer to the entities that distribute MyPoints points, it is respectfully submitted that these entities do not issue reward points as claimed by the Applicant. An issuer, as set forth by the Applicant, is a party that issues points to a user in a user account that is controlled by that user, wherein those points may be redeemed by the user for an item, or may be traded into a user's exchange account for subsequent redemption from the exchange account. In the MyPoints system, the only issuer is MyPoints itself, since the points in that system may only be used by the user for redemption from the MyPoints account – the user has no control whatsoever over the points until they appear in his MyPoints

account. The entities in the MyPoints system that distribute the points to the users are simply that – distributors of MyPoints points. This is similar to a prior art situation described by the Applicant in the specification at pages 4 and 5:

> Two different airlines servers are shown surrounded by their related marketing partners. In order to lure more business travelers, the airlines have established marketing agreements with travel related companies to provide the business traveler with a more robust way to generate rewards in the form or frequent flyer miles. These marketing arrangements or associations have typically involved credit card companies, phone companies, hotel chains and car rental companies. Any purchases made through these "co-branded" partners were then awarded to the user periodically. Bonus miles or points may additionally be accumulated based on the user's actions in response to offers made by the airline or in coordination with the partner company. For example, phone companies offer bonus miles to users based on the user's agreement to change phone service. **These points are obtained by the partner companies by purchasing them from the issuing entity for redistribution as an incentive to utilize their particular goods and/or services.**

Specification, pages 4-5 (underline and bold added)

Thus, the "issuing entity" is the airlines, and the partner company that redistributes the airlines' points is the phone company. (For example, MCI might give away 5,000 Delta Airlines points for switching to the MCI phone service). Similarly, MyPoints is the issuing entity (and the only issuing entity) in the MyPoints system.

Thus, it is respectfully submitted that claim 30, as presently amended, is patentably distinct over the cited references and is in condition for allowance.

Claims 31- 53 all depend directly or indirectly from claim 30, and are likewise patentable over the cited references. In claim 31, the step in claim 1 of the user interacting with the trading server redeem accumulated points from the user's reward exchange account for an item won in an auction includes: the user bidding for an item from a merchant computer interconnected to the network, the merchant computer providing the item to the user in exchange for consideration received from said trading server, and the trading server reducing the number of points in the user's reward exchange

account in accordance with the consideration provided to the merchant computer. This claim is allowable at least because of the reasons explained above with respect to claim 30.

In claim 32, the reduction in points in the user's reward exchange account stored on the trading server is higher than the number of points needed to pay for the requested item. In claim 33, the purchase may be accomplished with a combination of points from the user's reward exchange account stored on the trading server and other consideration. In claim 34, the other consideration is provided by the user. In claim 35, the item bid for on a merchant computer is obtained from a manufacturer's overstocked inventory at a reduced price. In claim 36, the item bid for on a merchant computer is obtained from an inventory of timeshare properties available for exchange. In claim 37, the item bid for purchase on a merchant computer is obtained from duty free or other restricted access goods. Each of these claims is allowable at least because of the reasons explained above with respect to claim 30.

In claim 38, the reward points issuing entities are an airline reward issuing entity, a credit and reward issuing entity, a hotel reward issuing entity, and/or a rental car reward issuing entity. In claim 39, the trading server transfers a user's accumulated reward points to a smart card associated with the user. In claim 40, which depends from claim 39, the user pays for the item bid for from a merchant directly by utilizing the smart card to exchange stored accumulated reward points with the merchant for the auctioned item. In claim 41, the user's accumulated reward points are used to pay for entertainment services. In claim 42, the number of earned points in a given user's reward point account fluctuates as a function of the performance of the associated reward points issuing entity. In claim 43, the item bid for by the user has a discount associated therewith. In claim 44, the user designates which points are redeemed from the reward point account associated with the user. In claim 45, the user designates which accumulated points are redeemed from the user's reward exchange account. Each of these claims is allowable at least because of the reasons explained above with respect to claim 30.

In claim 46, each reward issuing entity provides consideration to the trading server in exchange for the trading server accumulating the user's reward points from the reward point account into the reward exchange account. In claim 47, which depends from claim 46, the consideration provided to the trading server by the reward issuing entity has a value higher than the value of the user's earned reward points that are exchanged for said consideration. Each of these claims is allowable at least because of the reasons explained above with respect to claim 30.

In claim 48, the step of the user interacting with the trading server to redeem accumulated points from the user's reward exchange account for an item won in an auction includes the user bidding for an item by linking from the trading server to an associated merchant computer for providing the item to the user from the merchant computer in exchange for consideration received from said trading server. The trading server reduces the number of points in the user's reward exchange account in accordance with the consideration provided to the merchant computer. This claim is allowable at least because of the reasons explained above with respect to claim 30.

In claim 49, the step of the user interacting with the trading server to redeem accumulated points from the user's reward exchange account for an item won in an auction includes the user bidding for an item being auctioned from a list of products available from a merchant computer provided to the user by the trading server, for providing the item to the user from the merchant computer in exchange for consideration received from said trading server. The trading server reduces the number of points in the user's reward exchange account in accordance with the consideration provided to the merchant computer. This claim is allowable at least because of the reasons explained above with respect to claim 30.

In claim 50, the step of the user interacting with the trading server to redeem accumulated points from the user's reward exchange account for an item won in an auction includes the user bidding for an item being auctioned from a list of available items provided by the trading server to the user over the network, wherein the list of

available items comprises identification of items available directly from the trading server. The trading server reducing the number of points in the user's reward exchange account in accordance with the item selected by the user. This claim is allowable at least because of the reasons explained above with respect to claim 30.

In claim 51, the step of the user designating at least some of said earned reward points from one or more of said user reward point accounts for trading into the reward exchange account is performed by a user interfacing with the trading server with a user computer interconnected to the network. In claim 52, the step of the user interacting with the trading server to redeem accumulated points from the user's reward exchange account for an item won in an auction is performed by a user interfacing with the trading server with a user computer interconnected to the network. In claim 53, the value of the points in a user's reward point account fluctuates as a function of the performance of the associated reward points issuing entity. This claim is allowable at least because of the reasons explained above with respect to claim 30.

Independent claim 54 is directed towards a reward points accumulation and redemption system that includes a plurality of reward servers and a trading server selectively interconnected over a network to each of the reward servers. Each of the reward servers is associated with a reward points issuing entity, and each of the reward servers has data storage means for storing a plurality of reward point accounts. Each of the reward point accounts is associated with a user and also has processing means adapted to track reward points earned by the associated user for transactions between the associated user and the associated reward point issuing entity, and to enable the user to selectively redeem reward points designated by the user from the reward point account stored on that reward server and associated with the user for an item selected by the user.

The trading server in claim 54 has data storage means for storing a plurality of reward exchange accounts, each being associated with a user. The trading server also has processing means adapted to enable a user to designate at least some reward points from one or more of reward point accounts associated with the user for trading into the reward

exchange account associated with the user. The trading server also has means for accumulating the reward points designated by the user from each of said reward point accounts associated with the user into the reward exchange account associated with the user, and means for allowing the user to interact with the trading server to redeem accumulated reward points from the reward exchange account associated with the user for an item won in an auction.

Thus, the reward points accumulation and redemption system of claim 54 enables the selection of portions of available reward points from selected reward point accounts for accumulation into the user's reward exchange account on the trading server, and optionally leave other portions of available reward points remaining in the selected reward points accounts for subsequent redemption with the associated reward points issuing entity or for subsequent accumulation into the user's reward exchange account.

This claim 54 is patentable over the cited references for the same reasons explained above with respect to claim 30. The entities redistributing MyPoints points in the MyPoints program do not store a plurality of reward point accounts, with each being associated with a user and configured to track reward points earned by the associated user for transactions between the associated user and the point issuer. These redistributing entities issuers in the MyPoints program do not enable the user to redeem reward points for an item selected by the user.

Moreover, the MyPoints program does not enable a user to designate at least some reward points from one or more of reward point accounts associated with the user to be traded into a reward exchange account associated with the user. The MyPoints program therefore cannot, and does not, have means for accumulating the reward points designated by the user from each of said reward point accounts associated with the user into the reward exchange account associated with the user. Thus, independent claim 54 is patentable over the cited prior art for at least these reasons.

Claims 55-69 and 71-76 all depend directly or indirectly from claim 54, and are likewise patentable over the cited references. In claim 55, the system also includes a user computer interconnected to the network for allowing a user to bid for an item from a merchant computer interconnected to the network, a merchant computer for providing the item to the user in exchange for consideration received from said trading server, and means for the trading server to reduce the number of points in the user's reward exchange account in accordance with the consideration provided to the merchant computer. In claim 56, the reduction in points in the user's reward exchange account stored on the trading server is higher than the number of points needed to pay for the requested item. In claim 57, the purchase may be accomplished with a combination of reward points exchanged by the trading server and other consideration provided by the user. In claim 58, the item bid for on a merchant computer is obtained from a manufacturer's overstocked inventory at a reduced price. In claim 59, the item bid for on a merchant computer is obtained from an inventory of timeshare properties available for exchange. In claim 60, the item bid for on a merchant computer is obtained from duty free or other restricted access goods. In claim 61, the reward points issuing entities are an airline reward issuing entity, a credit and reward issuing entity, a hotel reward issuing entity, and/or a rental car reward issuing entity. These claims are allowable at least because of the reasons explained above with respect to claim 54.

In claim 62, the trading server transfers a user's accumulated reward points to a smart card associated with the user. In claim 63, the user makes a purchase from a merchant directly by utilizing the smart card to exchange stored accumulated reward points with the merchant for a desired item. In claim 64, the user's accumulated reward points are used to pay for entertainment services. In claim 65, the number of points in a given user's reward point account fluctuates as a function of the performance of the associated reward points issuing entity. These claims are allowable at least because of the reasons explained above with respect to claim 54.

In claim 66, the user designates which points are redeemed from the reward point account associated with the user. In claim 67, the user designates which accumulated

points are redeemed from the user's reward exchange account. In claim 68, consideration is provided by the reward issuing entity to the trading server in exchange for the trading server accumulating the user's reward points from the reward point account into the reward exchange account. In claim 69, the consideration provided to the trading server by the reward issuing entity has a value higher than the value of the user's earned reward points that are exchanged for the consideration. These claims are allowable at least because of the reasons explained above with respect to claim 54.

Claim 70 has been cancelled since the subject matter was redundant with another pending claim.

Claim 71 adds a user computer interconnected to the network for allowing a user to bid for an item for purchase by linking from the trading server over the network to an associated merchant computer for providing the item to the user from the merchant computer in exchange for consideration received from said trading server. Also added are a merchant computer for providing the item to the user in exchange for consideration received from said trading server, and means for the trading server to reduce the number of points in the user's reward exchange account in accordance with the consideration provided to the merchant computer. Claim 72 adds a user computer interconnected to the network for allowing a user to bid for an item from a list of available items from a merchant computer over the network for providing the item to the user from the merchant computer in exchange for consideration received from said trading server. Also added are a merchant computer for providing the item to the user in exchange for consideration received from said trading server, and means for the trading server to reduce the number of points in the user's reward exchange account in accordance with the consideration provided to the merchant computer. Claim 73 adds a user computer is interconnected to the network for allowing a user to bid for an item from a list of available items provided by the trading server to the user over the network, wherein the list of available items comprises identification of items available directly from the trading server, and means for the trading server to reduce the number of points in the user's reward exchange account in accordance with the item selected by the user. Claim 74 adds a user computer

interconnected to the network for allowing a user to interface with the trading server and designate at least some of said earned reward points from one or more of said user reward point accounts for trading into the reward exchange account. Claim 75 adds a user computer interconnected to the network for allowing a user to interface with the trading server to redeem accumulated points from the user's reward exchange account for an item selected by the user. In claim 76, the value of the points in a user's reward point account fluctuates as a function of the performance of the associated reward points issuing entity. These claims are allowable at least because of the reasons explained above with respect to claim 54.

Regarding the double patenting rejections, Applicant submits herewith a Terminal Disclaimer to Obviate a Provisional Double Patenting Rejection Over a Pending Second Application, and a Terminal Disclaimer to Obviate a Double Patenting Rejection Over a Prior Patent. Applicant believes that these rejections have now been obviated by submission of these two documents.

VI) SUMMARY

All of the pending claims are allowable since the cited prior art MyPoints program relates only to the use of a single user account, which is stored on the MyPoints server, for holding the user's MyPoints points after they have been earned and distributed from one or more entities, such as when a user obtains 10 MyPoints points by visiting a related web site. There are no separate user reward accounts in the MyPoints system that a user may access, add to, and redeem from independently of the MyPoints account, as in the Applicant's claimed system in this application. The user has no independent control over the transfer of points into his MyPoints account as he does in the Applicant's claimed system. In the Applicant's claimed system, the user may be given control over how many points will be traded into his reward exchange account and from which sources. Because this system works with independently operating frequent use/reward programs, it is important for the user to be able to maintain points in any given reward point account (if he chooses) for redemption directly with that issuer. The MyPoints

system simply cannot operate in this fashion and thus does not render the present invention unpatentable.

Applicant thus submits that the entire application is now in condition for allowance, early notice of which would be appreciated. Should the Examiner not agree with the Applicants' position, a personal or telephonic interview is respectfully requested to discuss any remaining issues and expedite the eventual allowance of this application.

Respectfully submitted,

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